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C O N F I D E N T I A L SECTION 01 OF 05 PARTO 121901

C O R R E C T E D COPY - SUBJECT LINE

DEPARTMENT REPEAT TO ALNEA

E.O. 12958: DECL: 12/17/2018

TAGS: OVIP RICE CONDOLEEZZA PREL IR EUN XF XG

SUBJECT: (C) Secretary Rice's December 16, 2008 Meeting on Iran with the P5 plus Germany, EU High Rep Solana, Saudi Arabia, UAE, Bahrain, Kuwait, Iraq, Jordan, and

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Egypt.

¶1. (U) Classified by: Uzra Zeya, Deputy Executive Secretary, S/ES, Department of State. Reason 1.4.(d)

¶2. (U) December 16, 2008, 0915-1050, UN Headquarters, New York City

¶3. (U) Participants:

U.S.

The Secretary

NEA A/S Welch

NEA PDAS Feltman

NEA/ARP Office Director Steinfeld (notetaker)

P5 plus Germany

UK Foreign Secretary Miliband

China Vice Foreign Minister He Yafei

France Political Director Araud

Russia Amb. to the U.S. Kislyak

Germany UN PermRep Matussek

EU High Rep Solana

GCC plus 3

Saudi FM Saud al-Faisal

UAE FM Abdullah bin Zayed

Bahrain FM Sheikh Khalid

Kuwait UN PermRep Abdullah al-Murad

Iraq FM Zebari

Jordan FM Bashir

Egypt UN PermRep Maged Abdelaziz

(Oman and Qatar did not participate)

¶4. (C) Summary: Secretary Rice led a frank 90 minute exchange between the P5 plus one and the GCC plus 3 at UNHQ on December 16. Seven foreign ministers and EU High Representative Solana attended; only Oman and Qatar were absent. France and Germany expressed support for further strengthening of sanctions in 2009, while Russia and China were more nuanced in their approach, stressing the need for negotiations. The Arab participants, nearly in unison, reiterated the threat they felt from Iran, pointing out that the Iranian drive for regional hegemony and its malevolent behavior in the region were as dangerous to them as the nuclear program. Their message was that the price for resolution of the nuclear file could not be acceptance of Iran's hegemonic goals. Several of them decried any moves by the P5 plus one to grant Iran an explicit regional role, while acknowledging the reality that Iran already had one, albeit a malign one. All agreed that the goal was to steer Iran -- through increased pressure, but with the door open to negotiations -- to a more positive role,

one that did not seek hegemony over other states. There also was acknowledgement that, while sanctions might be taking their toll on the Iranian economy, they had failed thus far in pushing Iran to suspend enrichment. The Saudi and Egyptian participants also referenced the Israeli nuclear program and issues regarding the Non-Proliferation Treaty (NPT) more broadly. There seemed to be consensus at the end that this forum was a useful one, and should be continued under the leadership of the new U.S. Administration. End Summary.

Opening Comments of the P5 Plus One and EU

¶5. (C) The Secretary opened the meeting by reviewing the current international approach of two tracks: increased pressure through five UN Security Council resolutions to

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convince Iran to suspend its nuclear enrichment program coupled with an offer for negotiations and potential benefits should Iran comply. She noted how important these matters were for the Arabs at the table and that both the nuclear file and Iran's malevolent behavior throughout the region needed to be addressed in tandem.

¶6. (C) EU High Representative Solana offered brief comments, noting his intention to meet soon with Iranian nuclear negotiator Saeed Jalili, that Iranian cooperation with the IAEA was seen to be severely wanting, and that the number of centrifuges Iran was developing continued to grow. He noted that his deputy, Robert Cooper, would travel to Iran that week, but he downplayed expectations. The Iranians seemed to be playing for time, Solana said.

¶7. (C) UK Foreign Secretary Miliband began by commenting on the increasing difficulties facing the Iranian economy: inflation in Tehran of 50 percent, falling oil prices when Iran's budget was based on a price of \$75/barrel, and the significant negative effects on the bazaaris. That said, Miliband noted that sanctions were not having the desired effect on Iran's nuclear program. Hence, 2009 needed to be a year for increased international pressure on the Iranians, while continuing to make clear the potential benefits to them of halting enrichment. Miliband added that the international community had to counter Iran's argument that it was the victim of UNSC actions; rather, it must be stressed that Iran is the victim of its own behavior. The international community needed to change the cost/benefit calculus for Iran to avoid a nuclear arms race in the region, which is the last thing that was needed.

¶8. (C) French MFA Political Director Araud conveyed President Sarkozy's strong interest and concern about the Iranian nuclear program. He stressed that the Iranians had continuously spurned negotiations, and that they were buying time while they continued enrichment. As they have no nuclear power plants for this potential fuel, their intent is obvious -- enrichment of weapons grade material. The international community is thus "obliged" to increase pressure on Iran; France and the EU are currently looking at new and more robust sanctions, as should the UNSC.

¶9. (C) Chinese Vice FM He Yafei said the Iran file was an important and difficult issue, where the possibility of negotiations between the P5 plus one and Iran were still possible. Iran needs to give a positive response to the P5 proposal, but all parties need to show patience -- dialogue and negotiations are still possible.

¶10. (C) Russian Ambassador to the U.S. Kislyak said that the P5 wanted Iran to deal with the offer on the table, but that it was not the "Bible or the Quran" and could be modified. Engagement by the P5 plus one with Iran was the key, but there were still no serious negotiations taking place. UNSC resolutions were the outgrowth of issues related to IAEA non-compliance; the resolutions were not "inventions" of the P5 plus one. Kislyak said that whatever help the Arabs could provide to bring Iran to negotiations would be useful.

¶11. (C) German UN PermRep Matussek said that 2009 would be a critical year. While the P5 plus one had a firm commitment to the dual track approach, Iran was not interested in negotiations. It was thus "wise" to think about additional measures from the UNSC, as well as to

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strengthen national implementation of existing sanctions. It was important that Iran not be able to circumvent sanctions and "we at the table" need to remain united.

GCC Plus 3 Opening Remarks

Saudi Arabia

¶12. (C) Saudi FM Prince Saud quipped that any incentives offered to Iran should also be offered to the GCC. He said that Iran would be an even larger threat than it already is were Tehran to secure nuclear arms. He added that the balance of power in the region had been "shattered," even if for good causes; Iran has been able to broadly extend its power and influence throughout the region in the aftermath of the Iraq war. The two key issues with regard to Iran are linked: the nuclear program and regional activities; both sides of the equation needed to be solved. Saud expressed hope that, while tackling the nuclear file, the situation regarding Iran's role in the region is not made worse. The Iranians, he said, were obstinate and would go ahead with the nuclear program. He continued that Iran was looking for a leadership role in the region -- politically, economically, and militarily.

¶13. (C) Saud said that since WMD already was in the region, the Iranians would pursue them as well. Preventing this with the use of carrots and sticks would not work, he said. The "original sin" was when Israel developed nuclear weapons, and there was a double standard at play. Perhaps it would be necessary to demilitarize the whole region, as was done in South Africa. This was the "only conceivable possible way" to solve the problem.

¶14. (C) Saud also suggested that it might be useful to pursue a resolution under Chapter VII of the UN charter that guaranteed the sovereignty, territorial integrity, and independence of Iraq as a way of increasing Iraq's sense of security vis-a-vis Iran.

Jordan

¶15. (C) Jordanian FM Bashir asked for more clarity from the P5 as to what was in the incentive package, in order to determine more fully whether we all see "eye to eye" on the issues. He outlined a series of interlocking issues in the region: WMD, Iranian hegemony, Israel-Palestine, and Iraq. He stressed that the P5 plus one needed to insist that no one play outside the rules, whether with regard to WMD or interference in the internal affairs of others. He asked what political incentives were actually being offered to Iran.

Egypt

¶16. (C) Egyptian UN PermRep Maged Abdelaziz said that sanctions had not proved effective. He then spoke at length about the crisis in the NPT system, noting that some non-signatories' possession of nuclear weapons had gained legitimacy. This in turn legitimized the Iranian program. The right to pursue peaceful uses of nuclear energy must be preserved, he said. Abdelaziz added that Egypt did not want to give Iran a "regional role." The GCC plus 3 needed to be involved with the P5 plus one as policies were developed.

UAE

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¶17. (C) UAE FM Sheikh Abdullah said that both the nuclear program and growing Iranian hegemony were of concern to the UAE. He noted that it was difficult for the UAE to worry about Shahab 4, 5, and 6 missiles, when "I am already covered by Shahab 1." Iran without the bomb, he asserted, is already "creating a big mess in my country;" with the bomb, it would be much worse. He continued that "nothing" would stop Iran from attempting to get the bomb; this was partially out of revenge against the Arabs when they invaded Iran 1,400 years ago. Nothing, he said, worried the UAE more than Iranian hegemony. While it was not possible to declare war on Iran, "Iran needs to feel that time was running out." 2009 should be a year that is very serious for us.

Iraq

¶18. (C) Iraqi FM Zebari said that no country was more concerned about Iran than is his own. Iraq had passed many messages to the Iranians, had been sincere with them, and told them to take note of Saddam's demise. Iraq, he continued, was for a peaceful solution to the issues, for dialogue. Sanctions are, he stated, having an impact, but there is no appetite for bombing Iran. He argued that the way to deal with Iranian hegemony was to help strengthen Iraq, and he expressed appreciation to the Arabs who had normalized relations with his country. He responded to Saud's idea of a UNSCR on Iraq's independence by quipping that he had been sent to New York to get out from under Chapter VII, not to have a new resolution under it. He concluded by saying that patience was needed when dealing with Iraq.

Bahrain

¶19. (C) Bahraini FM Sheikh Khalid opened by saying that every once in a while an Iranian mullah or writer will still refer to Bahrain as Iran's 14th province. The threat is real. He queried as to what was actually in the P5 plus one package. Why, he asked, should Iran be given a regional role? They play such a role in any case, but need to do so responsibly. He said any offers giving Iran a regional role "worries us." He argued for continuing with these meetings in the future.

Kuwait

¶20. (C) Kuwaiti UN Perm Rep al-Murad suggested that another UNSC resolution would be a good idea. He questioned why Iran's role in the Gulf would have to be specially enunciated.

What Regional Role

¶21. (C) The Secretary continued the discussion by asking for some clarity from the P5 plus one partners as to

what actually was promised to Iran with regard to a regional role. Amb. Kislyak said that the Russian understanding was not to give Iran a hegemonic role, but that the Iranians do want to be involved in the security of the region. Foreign Secretary Miliband commented that Iran could have no rights without responsibilities. A regional role was "not for us to give." Iran plays a malign role because of a lack of balance between rights and responsibilities; they want their rights but will not exercise responsibilities. Miliband added, noting Abdelaziz's comments, that future issues around the NPT

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must not obscure the immediacy of the Iranian nuclear program. He noted that Germany was right; 2009 will be an important year and acknowledged that UAE FM Abdullah had challenged us to act.

¶22. (C) Prince Saud commented that a role was given to Iran when the British left the Gulf in the 1970s, and Iran "took" the UAE islands. This could happen again, he said. With regard to a regional role having been "given" to Iran, Araud said that was not part of the offer in June. He noted that Sarkozy had sent him to consult in this forum with full transparency. FM Sheikh Khalid then clarified that caution needed to be exercised during future negotiations with Iran because the Iranians could push the P5 plus one for acknowledgement of a regional role at that time, even if one had not yet been explicitly offered. Germany added that Iran does in fact play a regional role, but the goal is to make it a positive one. In emphasizing the need to consult regularly, the UAE FM urged that "we don't give ourselves false expectations regarding Iranian elections (in spring 2009)." Whoever wins, Abdullah counseled, Supreme Leader Khamenei will still direct policy. Ahmedinejad's behavior was perhaps the best incentive to build international unity in support of sanctions, but his potential departure in the spring should not be permitted to weaken international resolve. Saud added that if there are talks on Iran's regional role, they should be with the GCC.

Talks Should Continue

¶23. (C) Towards the end of the interventions, several delegations called for the need to continue the GCC plus three plus P5 plus one forum after Secretary Rice's departure from the State Department. This message was most explicitly stated by Miliband, and seconded by France, the UAE, Bahrain, and Jordan. Secretary Rice reiterated her strong support for the utility of the forum.

Go Public, or Not?

¶24. (C) Jordan began a discussion of how to publicize the meeting by asking what its outcomes would be. The Secretary suggested that a short statement could be issued, or at least points agreed upon, as the meeting was already public knowledge. Miliband argued for a robust text with explicit reference to Iran's nuclear and regional ambitions. Kislyak countered that such a statement would take "years" to negotiate, and that something less "dramatic" was needed. The UAE said that Iranians needed to know that these two groups were discussing Iran. Saud wondered aloud whether leaving some mystery around the process might not enervate Iran even more.

¶25. (C) In the end, the Secretary iterated some general points -- the importance of the forum; the concern over

Iran's nuclear policies and regional ambitions; participants' support for the work of the UNSC, IAEA, and the P5 plus one; and agreement to continue these meetings on a regular basis. She subsequently delivered these points to the press at the end of the meeting.

¶26. (U) Minimize considered.
RICE